

GRID WEST

MOVING FORWARD

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- Idaho Power Company, NorthWestern Energy, PacifiCorp, Portland General Electric, Sierra Pacific Power Company, Avista Corporation, and British Columbia Transmission Corporation are exploring continued development of TSLG Basic Features.
- Today, we want to share our vision, action plan, decision-making process, and expected next steps.

VISION FOR MOVING FORWARD

- The funding utilities intend to work with interested stakeholders to:
 - Continue developing the TLSG Basic Features
 - Retain balance of independent decision-making and regional accountability
 - Continue a robust outreach and advisory process
 - Grid West Forum
 - Advisory Group
 - Work groups as appropriate

ACTIVITIES BETWEEN NOW AND EARLY JANUARY - OVERVIEW

- Technical feasibility review
- Funding approach
- Governance and bylaws review
- Stakeholder participation

SCHEDULE OF ACTIVITIES

- Grid West Forum meetings
 - November 17
 - December 6
 - January 9
- Distribution of draft bylaws
 - November 23
- Review of bylaws
 - December 6 - Grid West Forum meeting
 - January 4 - Written comments due
 - January 9 - Grid West Forum meeting

TECHNICAL FEASIBILITY REVIEW

- The TSLG Basic Features were developed assuming the participation of Bonneville and eight other filing utilities.
- We need to reassess the TSLG Basic Features to see how well they work without Bonneville:
 - Ancillary service markets
 - Transmission rights administration
 - Congestion management
 - Real-time monitoring and operation

TECHNICAL FEASIBILITY REVIEW

- Develop a plan for “layer 3 and 4” work that can be implemented within
 - the funding limits pledged by the funding utilities
 - a shortened time frame (18 months?)
- Identify design elements to consider for staged implementation
- Process
 - Task for The Structure Group, Steve Walton, and a work group to be formed
 - Results to be presented at the Grid West Forum meeting on January 9, 2006.

FUNDING APPROACH

- Funding of the independent board of directors will be provided through a funding package substantially similar to the package posted on the Grid West website on August 1, 2005.
 - These documents will be modified to reflect the fact that some utilities will not provide additional funds, and the Funding Commitment and Loan Agreement may be merged into a single document.
- Unless the technical feasibility assessment suggests otherwise, the funding utilities expect to fund Grid West with the amount they previously pledged.

FUNDING APPROACH (cont.)

- The funding utilities estimate the funds they intend to provide to the independent board of directors will cover approximately 18 months of development work.
- The Structure Group will help evaluate whether 18 months is enough time for the independent board of directors to:
 - complete the Transmission Agreements and tariff related to implementing the TSLG Basic Features;
 - initiate necessary regulatory filings.

ACTIVITIES BETWEEN NOW AND EARLY JANUARY

- **Governance**
 - Grid West will be restructured back to a membership corporation in January 2006 under a governance structure that maintains the balance between independent decision-making and regional accountability with minimal modifications.
 - The funding utilities will produce bylaws in close consultation with stakeholders.

GOVERNANCE AND BYLAWS

- Moving forward will no longer depend on BPA's participation.
- Maintaining balance between independence and accountability.
- Reexamining governance and bylaws to identify appropriate modifications given changed circumstances.

ACTIVITIES AFTER NEW FUNDING AGREEMENT

- There will be two activity tracks starting in January 2006 (if the funding utilities decide to continue investing in Grid West).
 - Work to seat the independent board and transfer responsibility for Grid West development;
 - Work on Grid West technical design and Transmission Agreements, and tariff development.

ACTIVITIES AFTER NEW FUNDING AGREEMENT (cont'd)

- As soon as Grid West is restructured back to a membership corporation, the process to seat the independent board of directors will begin.
- There will be continuity of process until the independent board is seated and is able to take over:
 - work on TSLG Basic Features;
 - work on Transmission Agreements and tariff;
 - public outreach process;
 - with support of the coordinating team.

ACTIVITIES AFTER NEW FUNDING AGREEMENT (cont'd)

- Once seated, the independent board of directors
 - decides which employees and contractors to engage to continue the development of the TSLG Basic Features;
 - has sole discretion to choose when and how the funding utilities hand off development of the TSLG Basic Features, Transmission Agreements, and tariff.

ACTIVITIES AFTER NEW FUNDING AGREEMENT (cont'd)

- Role of independent board of directors:
 - responsible for negotiating terms and conditions of the Transmission Agreements and tariff on behalf of Grid West;
 - oversees continued development of the TSLG Basic Features and process of implementation.

ACTIVITIES AFTER NEW FUNDING AGREEMENT (cont'd)

- When the Funding Agreement expires, the independent board of directors will need to have secured additional funding to begin operations.
- Potential sources of additional funding include:
 - Existing and new funding utilities;
 - Financial institutions;
 - Grid West service revenue.